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THE EEC REVISES ITS AGRICULTURAL PROJECTIONS

HOW INDIA DISTRIBUTES ITS WHEAT IMPORTS

FOREIGN MARKET FOR U.S. COTTON, 1966-67

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DECEMBER 12, 1966

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French housewife is served a dish made from American rice at International Food Fair in Paris. For report of business done by U.S. firms at this show, see story and pictures on page 11.

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The EEC Revises Its Agricultural Projections for 1970

Updating a basic EEC study has brought new predictions for the future of EEC farm trade.

By BRIAN D. HEDGES
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The Commission of the European Economic Community has taken a fresh look at the levels that the EEC's production and consumption of milk, beef and veal, and grain are likely to reach by 1970—and at the implications for EEC trade with third countries.

A study recently released[1] compares the EEC's actual dairy, livestock, and grain situation for the crop-year period 1961-63 with that implied by trends forecast in an earlier EEC study and modifies previous projections for the crop-year period 1969-71 (called "1970" in both studies).[2] The aim was to find out how closely the realities of 1961-63 had matched the forecasts, to determine the factors causing the discrepancies, and to analyze their probable effects on the total situation in "1970." (See footnotes at end of article.)

Demand has outpaced expectations

One striking fact that emerged from the new study was that EEC demand for agricultural products has apparently been much stronger than the old study (Study No. 10) had anticipated. Population growth has been faster, and so has economic growth. These two trends strongly affected all the new "1970" projections.

In general, these projections indicate that in "1970," overwhelming surpluses of milk and dairy products are probably not to be expected; that import needs for beef and veal may rise, despite increases in production; and that total net import needs for grain may also rise—to a point somewhat above the 10 million tons of the previous forecast—although the Community will probably have some net exports of wheat.

The original EEC projections for "1970" were based on the average of the 3 crop years 1957-58, 1958-59, and 1959-60 (which Study No. 10 referred to as "1958"). These years, centering on the beginning of the Community's

THE EEC'S BALANCE SHEET, PROJECTED AND ACTUAL, FOR MAJOR FARM COMMODITIES,[1] AVERAGE 1961-62/1963-64 ("1962")

Item	Dairy products (milk equivalent)		Beef and veal	
	Projected	Actual	Projected	Actual
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
oduction	66,610	66,946	3,421	3,636
sumption	63,122	65,811	3,675	3,956
t exportable surplus (—) or import requirement (+)	—3,488	—1,135	+254	+320
	Wheat		Coarse grains (except rice)	
	Projected	Actual	Projected	Actual
oduction	26,550	25,660	27,860	29,010
sumption	27,780	26,990	36,000	38,520
t exportable surplus (—) or import requirement (+)	+1,230	+1,330	+8,140	+9,510

[1]Projections based on the assumption of high income growth d increasing cow numbers.

THE EEC'S BALANCE SHEET FOR MAJOR FARM COMMODITIES ACCORDING TO ORIGINAL AND REVISED PROJECTIONS, AVERAGE 1969-70/1971-72[1]

Item	Dairy products		Beef and veal		Wheat			Coarse grains (except rice)		
	Original projections	Revised projections	Original projections	Revised projections	Original projections	Projections revised on basis of— Higher yields than in 1961-63	Projections revised on basis of— Larger area than in 1961-63	Original projections	Projections revised on basis of— Higher yields than in 1961-63	Projections revised on basis of— Larger area than in 1961-63
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Production	81,105	76,135	4,562	4,730	30,170	29,540	29,740	33,250	35,020	35,230
Consumption	72,884	74,548	4,881	5,161	30,170	29,370	29,420	43,200	45,720	45,850
Net exportable surplus (—) or import requirement (+)	—8,221	—1,587	+319	+431	0	[2]—310	[2]—460	+9,950	[2]+10,790	[2]+10,710

[1]Projections based on the assumption of high income growth and increasing cow numbers.
[2]Adjusted for stock variations.

existence, were a logical starting point for predicting its progress. Now, feeling that it would be useful to check those predictions, the Commission has used the trends projected in Study No. 10 for the years 1961-62, 1962-63, and 1963-64 to create a new "1962" base of comparison—which, as it points out, "has the advantage of lying a third of the way through the 1958-70 period." Against this base, it has set the actual production and consumption figures for those years.

In addition, new material became available to the Commission for reworking the beef and veal and dairy forecasts of Study No. 10, when the EEC Statistical Office completed its food balances for these commodities. Also taken into account were the common grain prices established by the Community in December 1964—but not the milk price decision, which was not reached until July 1966.

Strong growth in population and income

The higher than anticipated demand for agricultural products in the Community made a considerable difference between the trends projected for "1962" and the actual picture in 1961-63. One element in this increased demand was a 1961-63 population figure 2,662,000 above the trend; birth rates (especially in West Germany) were higher than expected and so was the rate of immigration. The "1970" population is now projected at 190 million instead of 184 million, an increase of 3.3 percent.

The other side of the demand picture was growth in per capita consumer expenditure. Earlier projections were based on two alternative assumptions: a slow growth rate of 4.0 percent per year and a rapid one of 4.9 percent. The EEC's actual growth rate during the "1958-62" period has been closer to the rapid one—an average increase of 4.7 percent per year; so only the rapid-growth hypothesis is retained in this new study.

The complex milk situation

Uncertainty as to future developments in the dairy industry required two separate assumptions in the earlier study. Under No. 1, cow numbers would remain at the "1958" level (21,329,000); under No. 2, they would rise to 22,387,000 by "1962" and to 24,643,000 by "1970."

Under assumption No. 1, the Community's total milk output (from cows, sheep, and goats) would place it only slightly above the self-sufficiency level by "1970"—with production at 71,457,000 metric tons and consumption at 71,347,000. Under assumption No. 2, however, production would soar to 81,105,000 tons—a proposition that would result in surpluses of over 8 billion tons of milk (the equivalent of over 350,000 tons of butter), with no outlet either inside the EEC or on world markets.

This latter possibility now appears dim. The new study shows that actual average milk yields per cow in 1961-63 were in fact 3 percent higher than the projection; but the effect of this was mitigated by a slower increase in cow numbers than had been predicted under assumption No. 2—to only 21,900,000. Although milk production—at 66,946,000 tons—was a little above the estimate, so was milk consumption per person. Working from these realities, the Commission therefore placed "1970" cow numbers at 22,180,000 and "1970" milk output about halfway between Study No. 10's high and low projections, at 76,135,000 tons. With human consumption forecast at 64,588,000 tons and animal consumption at 9,960,000, the exportable milk equivalent surplus would not exceed 1,600,000 tons.

The Commission report emphasized the difficulty of arriving at a projection of total milk consumption. The unexpected increase in population raised its estimate by 2,371,000 tons and improved statistical coverage in France accounted for another 594,000. But these increases were partly offset by new per capita consumption estimates, revised upward for Germany, the Netherlands, and Belgium-Luxembourg and downward for France and Italy.

Changes in dairy-product use

The breakdown between the consumption estimates for whole and processed milk, cheese, and butter is even more complex. The most important 1961-63 differences from "1962" projections were that France consumed less butter because of high prices and publicity on chloresterol and that Italy consumed less fluid milk and cheese. German cheese and butter consumption, on the other hand, had to be adjusted upward, in line with actual 1961-63 trends. At the Community level, and on a per capita basis, some "1970" estimates were revised downward; but population increases and other statistical adjustments resulted in a generally expanding outlook for total human consumption of milk and dairy products. The only negative element in this picture is a decline in milk utilized in the production of cheese, owing to an increased preference in the Community for cheeses with lower milk-solid content.

Livestock consumption of milk and byproducts also presented some problems. Although actual 1961-63 consumption was 5 percent above the projection, the revised estimate for "1970" is down from the 10,774,000 predicted in Study No. 10 on the assumption of increasing cow numbers. The difference, which results from multiplying the 1961-63 consumption rate per cow [3] by the new "1970" cow population estimate, implies that for the EEC as a whole, growth in milk consumption per animal is not expected to continue. The new study comments that in 1961-63 much more milk was actually consumed by animals in France and the Netherlands than had been expected, but much less in Italy and Belgium-Luxembourg.

Beef and veal estimates all rising

Both the consumption and the production of beef and veal in the Community during 1961-63 were well ahead of the trends indicated in Study No. 10 on the assumptions of increasing cow numbers and high income growth. The new study now forecasts net import needs in "1970" at 431,000 tons instead of 319,000.

Beef and veal production in "1970" is now projected at 4,730,000 tons instead of 4,562,000 (again on the assumption of increasing cow numbers and high income growth). All of this difference is explained by the forecasts of sharp production rises in Germany (87,000 tons) and Belgium-Luxembourg (81,000); other EEC countries are expected to maintain their 1958-62 trends.

Beef and veal consumption, however, is expected to rise even faster. In 1961-63, it was 8 percent above the projection for the EEC as a whole; for individual countries, it had been underestimated by percentages ranging from 3 for Belgium-Luxembourg to 15 for the Netherlands. Even after discounting cyclical factors in the beef and veal markets, the Commission felt justified in increasing its "1970" projections from 4,881,000 tons to 5,161,000. Population

growth is responsible for 180,000 tons of the increase; and higher German, French, and Dutch per capita consumption account for 31,000, 55,000, and 14,000 tons respectively.

The Commission offered these new estimates with some reservations. On the production side, for example, it pointed out that Italy's ability to maintain the trend will depend on whether it can and will continue using foreign exchange to purchase breeding stock and feed abroad. The high labor costs of beef production are considered a bottleneck in the EEC (beef production is closely allied with dairying). However, a long-term, stable price policy strongly favoring beef in relation to dairy products could bring rapid and substantial increases in beef and veal production, especially in France.

Wheat production projections tentative

The EEC's total net import needs for grain by "1970" will, of course, depend on the level of EEC grain production; and in the long run, this will depend on the movement of grain prices within the EEC.

The Commission, working out various alternatives for grain trade possibilities in "1970," made separate import calculations based on (1) no change in grain area from 1961-63 and (2) a total area increase of 500,000 hectares (1,235,500 acres). It took into account within each of these assumptions two possibilities for yields: one based on the trend actually shown in 1961-63, the other on an accelerated increase of a further 0.5 quintal (about 110 lb.) per hectare of about 2.5 acres.

The four estimates thus built up for total import needs range from a high of 11.55 million tons to a low of 9.15 million. For wheat, the possibilities range from net imports of around 210,000 tons to net exports of 990,000. For coarse grains, they range from net imports of 11,340,000 tons downward to net imports of 10,140,000. The study concludes, however, that the middle two figures in each range—based on either a higher yield trend or a higher acreage trend, but not on both—are more likely than the outer two. (See revised projections in table.)

In constructing these import estimates, the Commission noted that the EEC's total wheat production in 1961-63 fell below the "1962" projection, but only by 890,000 tons, or 3 percent. A 7-percent decrease in area (against the projection of no change from the "1958" area) was partly offset by an accelerated rise in yield. This area decrease was caused mainly by French farmers' response to the more favorable prices being paid for coarse grains.

Change forecast in wheat balance

However, this 3-year trend in acreage was not felt to be a sufficient basis for revising Study No. 10's "1970" projections sharply downward. The Commission bore in mind not only the probability of further increases in yields (which would raise production to 29,540,000 tons) but the possibility of an upward shift in acreage (resulting in a production figure as high as 29,740,000 tons). Under either of these assumptions, net exports of wheat would result by "1970." This would contrast markedly with Study No. 10's forecast of a balance between wheat production and consumption at 30,170,000 tons.

Consumption of wheat by livestock in 1961-63 fell below the projection by 16 percent, reflecting a general trend toward feeding coarse grains rather than wheat and potatoes. The revised projection for animal consumption of wheat in "1970" is therefore 7,180,000 tons instead of 8,100,000.

Net per capita human consumption of wheat was also below the projection in 1961-63, but only by 1 percent. In Italy, it was 4 percent above the projection, while in Germany it was 6 percent below. Population growth, however, raised total EEC consumption 1 percent above the projected trend and reduced Germany's gap to 3 percent. The revised "1970" figure is 14,860,000 tons, only slightly above the earlier figure of 14,730,000.

Coarse-grains estimates all higher

For coarse grains, actual import needs in 1961-63, at 9,510,000 tons, were 17 percent above those projected for that period and very close to those that Study No. 10 foresaw for "1970." This was true despite an output 4 percent larger than had been expected (the result of increases in both area and yields). The new study indicates that more favorable prices explain most of the unexpected increase in area; it also indicates that part of the discrepancy between projected and actual yields may be due to substitution of higher yielding corn and barley for lower yielding rye and oats.

The new "1970" production projections range around 35,000,000 tons instead of 33,250,000—an increase based on the same assumptions as for wheat (an even higher trend in yields and possibly in area).

Livestock consumption of coarse grains in 1961-63 was 9 percent above the projections, owing to increased output of livestock and poultry products and the trend away from wheat and potatoes in feeding. In line with these factors, the new "1970" projections raise consumption to 37,900,000 tons from the earlier 35,420,000.

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[1]EEC Commission, *Comparison entre les "trends" actuels de production et de consommation et ceux prévus dans l' étude des perspectives "1970": 1. Produits laitiers; 2. Viande bovine; 3. Céréales* (Comparison of actual trends in production and consumption with those predicted in the "1970" projections: 1. Dairy products; 2. Beef and veal; 3. Grains). Informations internes sur l'agriculture. Brussels, EEC. June 1966. 248 pp. This study is being translated by USDA and a limited number of copies will be available for distribution.

[2]EEC Commission, *Le marché commun des produits agricoles: Perspectives "1970"* (The common market for agricultural products: "1970" projections). Série agriculture No. 10. Brussels, EEC. 1963. 198 pp.

[3]Although the study does not clearly indicate the reason for the use of cow numbers, it probably was intended as an indication of calf numbers. Most of the milk consumed by animals in Western Europe is fed to veal calves.

Comments—*This review does not constitute an endorsement of the EEC's revised projections; it presents them only as the Commission's views on possible future trends in the EEC's dairy, beef, and grain economies.*

As indicated in this summary, the earlier EEC study (No. 10) generally underestimated not only production for the 1961-63 period, but also consumption and import needs; the Commission has accordingly revised the "1970" projections upward. If these new projections are realized, they will lead to better prospects for U.S. agricultural exports to the Community than were indicated in the Commission's earlier projections. However, there are considerable differences of opinion as to the probable future level of agricultural imports into the EEC, particularly for feedgrains. A much more pessimistic import projection for these grains was reported in Foreign Agriculture, September 19.

Left, bagged in 200-pound jute sacks at dockside, U.S. grain is ready for the final leg of its journey to Indian fair price shops, above, where consumers buy it in kernel form.

How India Distributes Its Immense Wheat Imports

By STANLEY W. PHILLIPS
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Until recently, Mr. Phillips was assistant U.S. agricultural attaché in New Delhi, India. Since his return to Washington, he has been World Food Program Coordinator, handling USDA participation in that program of the United Nations.

With India's foodgrain imports at an alltime high, distribution of arriving grain to the country's huge population has become an operation of immense magnitude. Coordination of labor forces unloading and bagging the grain, tens of thousands of boxcars, 100,000 retail distributors, and mountains of government records spells the difference between a continuous, although minimum, food supply and serious distress conditions.

The United States is supplying almost 9 million tons of foodgrains for arrival in India this year; about three-fourths of it wheat. In calendar 1965, 6,583,000 tons of wheat arrived at Indian ports, mostly from the United States (6 million), Australia (324,000), and Canada (238,000). About 36 percent of the U.S. wheat was unloaded in Bombay, 20 in Calcutta, 15 in Kandla, 12 in Madras, and the remainder at six smaller ports.

Buys grain, not flour

The Indian Government acquires wheat in kernel form to satisfy local dietary habits. Indian householders traditionally have purchased their wheat in this form, judging the quality of the grain by the appearance of the kernels.

Imported wheat arrives in bulk and is bagged in jute sacks, each holding 200 pounds, either aboard or alongside ship. Trucks deliver the wheat to port cities and their environs, while railroads serve the hinterlands. Although the government tries to arrange inland transport to minimize the length of hauls from ports, scheduling of cargo arrivals and shifting demands in the States sometimes require hauling to areas normally served by nearer ports.

The cost of wheat upon arrival in India—including freight charges—is Rs.548 (about $73) per ton. Since November 15, 1965, the Indian Government has been selling imported wheat at a constant national price of Rs.50 per quintal (about $65 per ton) to all buyers. Internal distribution costs are not available, but Indian Government officials indicate that for the fiscal year ending next March 31 subsidies on sales of imported foodgrains will amount to about Rs.2 billion ($267 million). The cost to the government jumped sharply last June when the rupee was devalued from 4.75 to 7.50 per U.S. dollar, raising the cost of U.S. wheat 57.9 percent for Title I imports financed after June 6.

Recently, the Indian Government decided to withdraw, in a phased manner, subsidies on all foodgrains sold through fair price shops—retail shops that handle all sales of imported wheat, but also carry other imported and domestic foodgrains and staples. The withdrawal of subsidies will help the government reduce its anticipated large budget deficit, but will also result in a sharp rise in prices of imported grains, bringing them closer to domestic grain prices.

All foreign wheat is consigned by the central government to four regional food directors who act as agents of the Ministry of Food and Agriculture and decide whether individual cargoes are to go directly into consumption channels or to central or State warehouses.

Little wheat stored

This year, as in 1965, food scarcity has required that most imported wheat be steered toward immediate consumption. Central authorities released 5,941,000 tons last year, the equivalent of an average Kansas crop. Only a small amount of this was procured domestically. The wheat goes to retail shops either directly or through State authorities, to flour mills, and to the military services. Last year, distribution was approximately as follows:

	Tons	*Percent*
Directly to retail shops	1,817,000	30.6
To States for retail shops	2,395,000	40.3
To roller flour mills	1,542,000	26.0
To military services	187,000	3.1
Total	5,941,000	100.0

The central government supplies wheat directly to retail shops in Union territories and in States not organized to distribute foodgrains. In most other States, it supplies only those retailers located near its depots, while the States remove wheat from the central depots to their own and supply other retailers. Only three States—West Bengal, Punjab, and Madhya Pradesh—handle all their own distribution of wheat.

Retailers receiving wheat directly from the central government pay the national price of Rs.50 per quintal and are allowed a margin of from Rs.1.30 to Rs.2.60 per quintal, which includes an allowance for hauling from railhead or truckhead to their places of business. States pay the same price but charge retailers an additional 2 or 3 rupees for transportation and related services.

The retail or fair price shops through which imported wheat finally reaches the consumer are typically small, independent business establishments in the bazaars of cities and towns. In areas where wheat is rationed, these stores also serve as ration shops. They sell imported wheat from the same bags into which it was loaded on board ship or at dockside.

Having bought his wheat, the consumer then has it ground into *atta*, a whole wheat flour used for a variety of unleavened products. The best known is the *chappati*, a pancake-shaped bread. Only a 2- or 3-day supply of wheat is ground at one time to retain freshness. For *chappatis* and similar items, domestic wheat is preferred to American wheat, most of which is darker in color and has a higher gluten content. It is generally agreed that domestic wheat would command a substantial premium in price if both were sold in a free market. In Delhi, for example, where imported wheat is readily available at Rs.0.53 per kilogram, domestic wheat is not always obtainable at controlled prices ranging from Rs.0.74 to Rs.0.78.

Mills take 25 percent

About a quarter of the imported wheat released by the central government last year went to flour mills. Unlike Western flour mills, whose principal products are refined flours extracted from about 70-75 percent of the wheat kernel, the principal product of Indian flour mills is whole meal *atta*. This accounts for about 75 percent of the Indian grind. Of the remainder, 70 percent becomes refined *atta*, 20 percent is manufactured into flour and farina, and 10 percent becomes bran.

These percentages vary according to area, with mills in northern States producing larger quantities of *atta* and those in the South milling more flour. In the southern States of Madras, Mysore, Kerala, and Andhra Pradesh, the Food Corporation of India delivers wheat to the mills and directs the distribution of wheat products. In effect, the mills in these States act as agents of the Corporation and are paid fees for processing and handling.

Under government regulations, India's 168 flour mills may process only imported wheat to prevent blending with higher priced domestic wheat. The quantities of wheat allotted to individual mills, the relative proportions of their several types of products, the extraction rates of flour, and the prices of products are all closely controlled by the government.

The mills have been operating below capacity for a number of years. Not only wheat shortages but restrictions on use of electric power have interfered with fuller use of facilities. As a result, old-line companies have been losing a great deal of money because of high fixed expenses whether or not they have wheat to grind. Companies that have furloughed key operating personnel have lost many of them permanently. The government, while not wanting the mills to go out of business, is committed to a policy of direct distribution to the public through fair price shops and finds itself unable to respond to the pleas of mill owners for more wheat.

Wheat foods baked mainly at home

Foods made from the *atta* produced by India's flour mills are generally baked at home over a small fire and consumed immediately. Commercially baked goods are less common, although bread and other Western-style products are produced by numerous small bakeries. However, even the two or three firms that could be considered large distribute their goods in only a few major cities.

By the end of this year, Australia and Canada will together provide India with nine automatic bakeries under Colombo Plan assistance. Each capable of producing 34,000 loaves of bread daily, these units will be set up in major cities. The bread and other products will go to school lunch programs, welfare centers, and consumer co-ops. Because bread can be preserved for several days and is made in standardized units, the Indian Government wants to encourage its use.

Production of Western-style baked goods in India will depend to some degree upon availability of leavening agents. The country has only one yeast manufacturing plant, in Calcutta, although several others are in the planning stage. The plant began producing yeast at the rate of 800 tons annually in 1962 and has upped its output to 1,200 tons. But restrictions on the supply of molasses and plant capacity have kept production far below demand. One of the new plants will be built in Bombay several years hence and will have a capacity to produce about 4,000 tons of yeast annually.

Prior to 1962, bakers used barm as a leavening agent. This mixture of palm tree juice, hops, and sugar is still in common use. However, bakers prefer yeast because of the added cost of sugar and the need to include potatoes in bread dough when barm is used.

The FOREIGN MARKET for U.S. COTTON in 1966-67

With U.S. cotton more competitive in world markets and smaller supplies available for export in other countries, U.S. exports should mount sharply.

BY DEWEY L. PRITCHARD
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Exports of U.S. cotton for 1966-67 (August-July) are expected to total 5.0 million running bales, up sharply from the depressed level of 2.9 million last season. At this level, U.S. exports would represent about 27 percent of the world trade in cotton, compared with an average of 25 percent during the past five seasons. Exports in August and September of the current season totaled 689,000 running bales, double the volume in the same period of 1965-66.

The United States crop of upland cotton in 1966-67 will probably be down more than one-fourth from a year earlier, which would be considerably smaller than estimated disappearance (consumption plus exports) this season. However, supply is adequate to more than satisfy demand for most qualities because of the large carryover on August 1, 1966, which totaled an alltime high of about 17.0 million bales.

CCC stocks available

A major portion of this carryover is owned by the Commodity Credit Corporation. Stocks held by CCC are available to U.S. purchasers on a competitive offer-and acceptance basis. There are rather sharp decreases in this season's supply of Low Middling and higher White grades and in the staple lengths 1-1/32" and 1-1/16". Corresponding increases are evident in the supplies of the medium and lower Light Spotted and Spotted grades and in the lengths shorter than 1".

The anticipated higher level of U.S. cotton exports this season is attributed primarily to two factors: (1) increased consumption in foreign countries, and (2) smaller exportable supplies in foreign producing countries. Raw cotton stocks in foreign countries are likely to remain low in 1966-67, with producing countries marketing virtually all their exportable supplies and importing countries keeping purchases to a replacement basis.

Foreign consumption higher

Consumption of cotton in foreign countries in 1966-67 is expected to reach 42.6 million bales, an increase of about 1.6 million from last season and nearly 6.0 million bales above the low point reached in 1962-63. In the foreign Free World, net exporting countries are expected to consume about 6.5 million bales—0.3 million, or 5 percent, more than in 1965-66. Most of those countries are likely to use more cotton this season as domestic requirements continue to increase and as export markets for cotton textiles are expanded in some countries.

Cotton consumption by net importing countries of the foreign Free World should amount to 19.5 million bales—up nearly a million bales from 1965-66. Modest increases in consumption are in prospect for a number of major importing countries, while many others will hold consumption at about the preceding year's level. India and Japan, where sharp declines occurred in 1965-66, offer prospects for sizable increases this season.

In India, cotton consumption in 1965-66 was adversely affected by a number of factors. Among these were a decline in the demand for textiles brought on by monetary restrictions, hostilities with Pakistan, and high food prices; and a reduced supply of raw cotton caused by a decline in production and by shortage of foreign exchange for imports. However, mill capacity has continued to rise, and with improved prospects for this year's crop and with stocks of textiles reduced to normal levels, it is reasonable to expect an improvement in mill consumption this season.

Japanese cotton consumption declined about 6 percent last season because of excessive stocks of unsold yarns. In order to bring cotton-yarn stocks down to more manageable levels, the government instituted a spindle curtailment program in October 1965, which calls for each participating firm to seal 10 percent of its operable spindles. The more favorable position of textile stocks in that country now, along with an improved outlook for exports in 1966-67, indicates that consumption will be higher this season.

Situation in Western Europe

Aggregate consumption in Western Europe in 1965-66 increased about 1 percent over a year earlier. Most of the increase was in France, Italy, Portugal, and Spain. France and Italy, having recovered from textile recession during the past season, are expected to use moderately more cotton in 1966-67. Portugal's cotton consumption is highly dependent on textile exports, but will probably continue to move higher as in other recent years. A substantial increase in Spanish consumption in 1965-66 suggests a possible further increase in the current season. Most other countries in Western Europe are likely to use as much cotton in 1966-67 as in 1965-66, or slightly more. An exception is West Germany, where cotton consumption may decline slightly because of rising imports of textiles and increased competition from manmade fibers.

It is believed that cotton consumption in Communist countries will be around 14.6 million bales, an increase of 0.4 million from last season. About two-thirds of this increase is expected in the USSR and the remainder in East European countries.

Smaller exportable supplies abroad

A continuation of the general rise in cotton consumption in foreign producing countries and smaller crops in a number of major exporting countries will reduce exportable supplies in 1966-67. Whereas 1965-66 exports from all foreign countries, including the USSR, totaled about 14.0 million bales, shipments from those countries this season are expected to be only slightly above 13.0 million bales.

The decline in foreign exports this season will be largely in Free World countries. Export availabilities are likely to be below those of a year earlier in Mexico, El Salvador,

Guatemala, Peru, Iran, Egypt, and Syria—all countries where production is lower than in 1965-66.

Little change in Soviet exports

The USSR is the only Communist country that exports any significant quantity of cotton, and its exports have increased markedly in the past several years. Most of the Soviet shipments are to Eastern Europe. However, of the estimated 2.2 million bales exported in 1965-66, more than 600,000 bales (twice the usual amount) were shipped to Free World countries. Canada and Japan, especially, were heavy purchasers of Soviet cotton. Imports by most countries of Western Europe from the USSR were also higher than usual.

Exports by the USSR in 1966-67 are expected to be around last season's level, since increased domestic requirements will about offset any gains in this year's crop. Therefore, net imports by all Communist countries from Free World sources will probably be larger this season because of increased consumption in East European countries and a smaller harvest in Mainland China.

Why U.S. exports declined

Prosperity of the raw cotton industry in the United States depends to a large extent on foreign markets, since historically a third or more of the annual crop has moved abroad. In recent years, the decline in U.S. cotton exports has caused concern to both government and industry people interested in cotton.

The reduced demand for U.S. cotton abroad has stemmed from two sources. First, the overall demand for cotton has failed to keep pace with the growth in demand for textiles. Second, foreign cotton production has increased at a faster rate than has foreign consumption, thus reducing the U.S. share of the market.

Industrialized nations—such as those in Western Europe and Japan—have experienced a stagnating demand for cotton, with many countries in Western Europe using less cotton today than a decade ago. Cotton consumption in Western Europe and Japan is important to the United States because these markets generally account for one-half to two-thirds of total U.S. exports.

Cotton's failure to keep pace in textile markets has been a result of intense competition from manmade fibers, the output of which abroad has more than doubled in the past 10 years. Noncellulosic types, such as nylon, polyester, and acrylics, have increased from less than the equivalent of a million bales of cotton in 1956 to more than 9 million equivalent bales in 1965.

Concurrently with the faltering of demand for cotton in importing markets, foreign cotton production has increased at a persistent rate, supplying the steady rise in domestic consumption and providing larger quantities for export. These larger export availabilities in foreign cotton-producing countries compete directly with U.S. cotton in import markets.

Long-term prospects enhanced

Steps have been taken to assist U.S. cotton in foreign markets. Probably the most important one was the joining of this country with other producing countries in the formation of the International Institute for Cotton (IIC). The primary purpose of IIC is to help cotton maintain its proper place as a textile fiber in world markets. Activities of the IIC will be concentrated in research and promotion of cotton in the principal textile markets of Western Europe and Japan. Financial backing for the IIC will be from member producing countries, which contribute $1 a bale on their cotton exported to Western Europe and Japan. In addition to the United States, membership in IIC now includes Egypt, India, Mexico, Spain, Sudan, Tanzania, and Uganda, and others are expected to join as the effectiveness of the organization becomes apparent.

The Food and Agriculture Act of 1965 contains provisions that help U.S. cotton to be competitive in world markets. Under old legislation the U.S. loan rate to farmers was at a level considerably higher than world prices, and consequently export payments were necessary to make U.S. cotton competitive with foreign growths. The new legislation dropped loan rates below world market prices, thus eliminating the need for export payments and making U.S. prices more responsive to changes in market conditions. Incomes of farmers are now supported by direct payments.

UAR Harvests Larger Grain Crops

Favorable growing conditions as well as a shift in corn rotation have contributed to an expected 4-percent increase in the UAR's 1966 harvest of grain and feed over the previous year's level. Although no official data have been released, estimates place the country's 1965 production at 1.6 million metric tons of wheat, 1.2 million tons of milled rice, 750,000 tons of sorghum, and 130,000 tons of barley.

The UAR (Egypt) is a net importer of wheat and wheat flour and an importer of corn and sorghum whenever local production is short. Rice is the only grain exported.

The bigger grain crop has resulted in a drop in imports. In the July 1-September 30 period of this year, the UAR imported 294,555 metric tons of wheat and 55,418 of wheat flour—or about 34 percent and 55 percent respectively below imports for the same period in 1965. No imports of corn and sorghum occurred.

U.S. wheat shipments

The United States, as usual, was the leading supplier of wheat/flour to the UAR. And in spite of the general decline in wheat imports, U.S. shipments for the July-September period totaled 284,124 metric tons compared to 201,004 for the same 3 months in 1965. All imports of wheat and wheat flour from the United States during this period were purchased under the CCC export credit sales program. Italy and Greece also shipped wheat to the UAR, but none was received from the USSR, Australia, Mexico, France, or Spain.

The rapid increase in population has created a constant increase in grain consumption. Also, the rate of grain consumption in the UAR is among the highest in the world. To cope with this situation the Egyptian Government is striving to increase output. The latest research has created a new variety of wheat, Giza 155, which is purportedly entirely resistant to rust and black smut. Also, this strain is reported to have a yield of 2.1 metric tons per feddan in contrast to the old varieties which yield 1.5 tons per feddan. In the new 7-year plan it is proposed that this variety be grown countrywide.

From a dispatch by JAMES A. HUTCHINS, JR.
U.S. Agricultural Attaché, Cairo

How the United States Meat Import Law Functions

Questions are often asked about imports of beef into the United States, especially in relation to the quotas that could be applied under our Meat Import Law. This article explains the quota system.

This year imports of beef and other meats subject to quotas under the U.S. Meat Import Law will be about 30 percent higher than they were last year, but they will not be high enough to trigger the quotas.

The Meat Import Law—P.L. 88-482—was enacted in August 1964 and has been in effect for about 2 years. Its objective is to provide a basis for limiting imports of beef and certain other meats into the United States if they threaten to exceed a specified quantity.

Yearly import estimate required

Under this law, the Secretary of Agriculture is required to estimate at the beginning of each calendar year what the total U.S. imports of certain meats will be during that year. This estimate is reviewed—and revised, if necessary—and published quarterly during the year.

The law sets forth a formula for establishing what the level of import quotas should be if they are necessary, and provides a method of determining when quotas should be imposed. Quotas are to be imposed when the import level estimated by the Secretary for any calendar year equals or exceeds 110 percent of what the quotas would be.

Finally, the law states that the President may suspend or increase the quota levels if he determines that such action is required by underlying economic or national interests of the United States, or that the supply of these meats will be inadequate to meet domestic demand at reasonable prices, or that trade agreements with supplying countries will insure that quota limits will be adhered to.

Covered by this law are fresh, chilled, or frozen meat of cattle, goats, and sheep (except lambs). During the past 3 years, 87 percent of our imports of these meats were fresh, chilled, or frozen, while the balance was largely canned meat plus small amounts of sausage. Last year 92 percent of the chilled and frozen meat imported was beef, and the remaining 8 percent was mutton, veal, and goat meat, in that order of importance.

Supply situation analyzed

The task of estimating U.S. imports of these meats is a difficult and complicated one. Special reports are received from the U.S. Agricultural Attachés situated in the countries that ship these meats to the United States. These reports provide an evaluation of quantities that will be shipped to the United States based upon available supplies, prevailing prices, market opportunities, and exporters' plans. They are summarized and reviewed in the light of analyses of the total quantity of these meats available for world trade and the direction in which that trade will flow. And this requires a forecast of levels of prices which will prevail in the United States in comparison with price levels in alternative world markets—primarily those in Western Europe.

Once the estimate of total imports of these meats is arrived at and published (i.e., at the beginning of the calendar year), it is continually reviewed in the light of shipments and of prices in the United States and in world markets. Shipping plans of the Meat Boards in Australia and New Zealand, for example, provide a basis for measuring shipments for the immediate months ahead. Major developments such as strikes, droughts, changes in foreign import restrictions, or sanitary regulations are related immediately to the forecast.

Base quantity established

The act states that it is the policy of the Congress that the aggregate quantity of these meats imported into the United States during any calendar year, beginning with calendar 1965, should not exceed 725,400,000 pounds—except as this quantity is increased or decreased in accordance with changes in domestic commercial production of these meats.

This base quantity—725,400,000 pounds—represents the average annual quantity of imports of these meats during the 5 calendar years, 1959 through 1963. Average U.S. commercial production of beef, veal, mutton, and goat meat during these same years was 15,703 million pounds annually. So this base quantity was 4.6 percent of commercial production.

The act provides that if domestic commercial production should increase or decrease, the quotas established should also increase or decrease in proportion. It also specified how to calculate the increase or decrease in commercial production for the year in question: it is the average of the estimated commercial production for that year and the 2 preceding years, as compared with average commercial production for 1959 through 1963.

How the quota is calculated

For calendar 1966, U.S. commercial production of beef, veal, mutton, and goat is estimated at 19,488 million pounds. In 1965, it was 19,287 million and in 1964, 19,022 million pounds. The average for these 3 years is 19,265 million pounds. This figure is 22.7 percent larger than the 1959-63 average.

To calculate the quota quantity for 1966, the base quantity of 725.4 million pounds is multiplied by 1.227 with the resultant quota quantity of 890.1 million pounds. And to calculate the trigger quantity for 1966, the quota quantity of 890.1 million pounds is multiplied by 110 to arrive at a trigger amount of 979.1 million pounds.

In comparison with these, imports of meat subject to the act are estimated at 800 million pounds in 1966.

Last year, imports of these meats were 614 million pounds. The final estimate (released September 30, 1965) was 630 million pounds, somewhat lower than the earlier estimates. For calendar 1965, the quota quantity was 848.7 million pounds, and the trigger quantity was 933.6 million pounds.

Foreign supplies a factor

For future years, the quota and trigger quantities will continue to increase or decrease, in proportion to change in average domestic commercial production of these meats. Furthermore, imports can be expected to increase or decrease as the U.S. market becomes relatively more or less attractive than other foreign markets. Any increase, of course, depends on whether sufficient supplies are available in the meat-exporting countries for shipment abroad.

Paris Food Promotion Gives Big Boost to U.S. Grocery Exports

An estimated $1.5 million to $2 million worth of American groceries will be sold to European firms within the next year as a result of trade contacts made last month in Paris by 70 U.S. firms who exhibited their products at the second International Food Fair (Salon International de l' Alimentation).

This estimate by Gene Orsenigo—who represented Grocery Manufacturers of America, Inc., at the fair—was compiled from individual estimates of the firms who participated in the U.S. exhibit. About 60 percent of the expected sales from the promotion will be made to French firms according to Mr. Orsenigo. West German firms will account for the next highest amount of sales, followed by Italian, Netherland, and Swiss.

The U.S. exhibit at SIAL—last of the 13 major European fairs at which GMA cooperated with FAS in sponsoring U.S. participation this year—attracted over a quarter of a million visitors during its 9-day run. Thirty-four other countries also promoted food products at SIAL.

Some 1,250 European tradespeople registered for the "trade only" area of the U.S. exhibit, where the participating firms displayed a wide assortment of canned and glass-packed vegetables, fruits, juices, sauces, and dressings; spices; packaged mixes and frostings; frozen pies and cakes; nuts; frozen poultry, seafood, and meats; and snacks, relishes, and popcorn.

Foods that were special attractions in the public part of the U.S. exhibit were fresh Florida orange juice, rice dishes, dry pea and lentil dishes, grilled sirloin steak bits, and fresh fruits and vegetables shipped in by air.

Samples of U.S. foods were offered to fairgoers at exhibits set up by various industry groups and at GMA's central kitchen, where ways of preparing and using products promoted in the "trade only" area were demonstrated.

Above, Moroccan women are served food samples prepared in the U.S. demonstration kitchen. Below, French visitors crowd booth of the American Meat Industry, waiting for pieces of U.S. Choice sirloin.

Below, grapefruit and bottles of fresh citrus juices brightened the Florida Citrus Commission booth, where visitors received sample cups of fresh juice.

Sharp Gains Seen for Yugoslav Farm Output This Year

Yugoslavia, in a dramatic comeback from its poor agricultural year of 1965, is headed for an alltime farm-production record. Weather as favorable as last year's was unfavorable plus higher producer prices have pulled output of some products to their 1970 targets and paved the way for a major upturn in Yugoslavia's 1966-67 exports of agricultural products.

Most of the increase in Yugoslav farm production this year took place in crops—up 21 points from the index for 1965. Except for sunflowerseed and hops, yields were good, in many cases at record levels. These high yields reflect not only the ideal weather conditions but also the increased use of fertilizers, pesticides, and hybrid varieties and improved cultivation practices.

Grains hit record

The principal grain crops—wheat, corn, and barley—all hit new highs in 1966.

For wheat, output is estimated at 4.62 million metric tons—33.5 percent above the 1965 crop, 12 percent above the previous (1963) record, and 20,000 tons above the government's target for 1970. Harvested area was up 9 percent from 1965, and yields rose to a record equivalent to 37.6 bushels per acre.

Rye production also increased, some 13 percent to 176,000 tons. However, Yugoslav farmers continue to decrease their plantings of this grain, since yields are only about half those for wheat while prices are practically the same.

The 1966 corn crop is estimated at a record 7.8 million metric tons, up 31.7 percent from 1965 and 12 percent from the previous record in 1964. This new high—just 200,000 tons below the target set for 1970—is attributed to record yields plus an increase in area.

Production of barley and oats rose by 4.7 and 14.5 percent, respectively, to 714,000 and 380,000 tons.

The 1966 dry bean crop is estimated at 220,000 tons, up sharply from the low 171,000-ton crop of 1965. A big gain also occurred in the relatively small dry-pea crop; output is estimated at 15,000 tons compared with the 10,800 tons produced in 1965.

Industrial crops, fruits advance

Record yields contributed to a 38.7-percent increase in output of sugarbeets, one of Yugoslavia's most profitable crops. Production of refined sugar is unofficially estimated at 430,000 tons, or 27.6 percent over the previous year's. This means that for the first time on record Yugoslavia has enough sugar to cover domestic requirements.

Among the other industrial crops, tobacco jumped by nearly a fourth to a new high of 60,000 tons, while output of sunflowerseeds—damaged by a fungus disease—climbed only slightly to about 270,000 tons; the fungus disease, plus shifts to more profitable crops like sugarbeets, corn, wheat and alfalfa, is expected to bring a decrease in sunflowerseeds in 1967. Production of hops, estimated at 5,020 metric tons, rose about 3 percent from 1965, but the average yield was only slightly above the low level of 1965.

Sharp increases in apples, pears, and prunes have boosted total fruit production some 37 percent above the low 1965 level. A gain of 75 percent in fresh prunes is expected to lead to a nearly fivefold increase in production of dried prunes, estimated at 27,000 tons.

Commercial walnut production also showed a good rise, hitting 3,300 tons in 1966 compared with 1,600 in 1965. About 10,000 trees are believed to have reached bearing age this year, bringing the total to about 2.43 million.

Meat production declines

Yugoslav meat production, by contrast, has fallen slightly from 1965—the result of a decline through the first of 1966 in hog numbers. As of January 15, 1966, hog numbers were estimated at 5,118,000 head, some 27 percent below the record of the preceding year; this decline was due to 1965's unfavorable hog prices, reduced corn production, and high feed prices. Output of pork—still the most widely consumed meat—is estimated to be down 24 percent from 1965 to 300,000 tons. Improved prices in recent months, however, have led to a buildup in hog numbers.

Cattle and beef production rose by some 7.2 and 6.5 percent respectively during 1966. Still, beef output, at about 195,000 tons, was 10 percent below the record 216,000 tons produced in 1962.

Production of poultry meat probably increased from the record 80,000 tons of 1965, reflecting in part the scarcity of pork.

Changes in trade foreseen

This unusually good agricultural year suggests several important changes for Yugoslavia's farm trade. Imports of wheat, the major deficit crop, are expected to fall well below the 1.5 million tons imported during 1965-66 from the United States. Corn, a diminished export earner in recent years, is expected to again become an important export; shipments could reach 600,000-800,000 tons compared with an annual average of less than 50,000 tons in the last few years.

Exports of beef and veal in 1966-67 will most likely continue their uptrend of recent years, with Italy, Greece, and Great Britain still the major foreign outlets. Gains for those products, however, will be partly offset by lower exports of pork.

Export increases are predicted for most other commercial crops. Shipments of tobacco, hemp, and dried prunes are all slated to rise, with those of dried prunes expected to nearly triple.

Also influencing trade was the August 1966 acceptance of Yugoslavia as a member of GATT. This is viewed as assuring stable relations with the 68 other members of GATT and providing a better climate for exports. Currently, Yugoslavia is receiving "most favored nation" treatment from all GATT members except the six Common Market countries.

The GATT membership brought with it no essential change in Yugoslav customs tariffs since tariffs had already been lowered unilaterally from an average of about 23 percent to 11 percent. Yugoslavian negotiators did agree, however, to consolidate a number of tariff items.

—Based on a dispatch from CLYDE R. KEATON
U.S. Agricultural Attaché, Belgrade

U.K. Lard Imports Down 16 Percent

Imports of lard into the United Kingdom in the first 9 months of 1966 were 16 percent lower than those of the same period last year. Approximately 305 million pounds were imported, compared with nearly 365 million for 1965.

The U.S. share of the United Kingdom's market showed further declines in September. The United States had only 27 percent of the market in the first 9 months of this year, compared with approximately 57 percent in 1965. This decline was due principally to higher prices and shorter supplies of lard now prevailing in the United States.

The United Kingdom's buyers have turned more to Western European suppliers for their lard needs, and although the United States is still the major supplier, Belgium has been a strong competitor, supplying nearly 25 percent of the market. Other countries showing large increases over last year include Poland, Romania, and the Netherlands.

U.K. LARD IMPORTS BY COUNTRY OF ORIGIN

Country of origin	January-September 1965 Quantity	1965 Percent of total	January-September 1966 Quantity	1966 Percent of total
	1,000 pounds	*Percent*	*1,000 pounds*	*Percent*
United States	206,291	56.8	82,413	27.0
Belgium	84,182	23.2	75,299	24.7
Poland	4,098	1.1	30,438	10.0
Romania	880	.2	26,873	8.8
Denmark	18,361	5.1	20,942	6.9
Netherlands	8,270	2.3	15,948	5.2
Italy	17,209	4.7	15,863	5.2
France	14,600	4.0	14,194	4.6
Germany, West	2,703	.8	7,671	2.5
Sweden	4,422	1.2	4,214	1.4
Bulgaria	.....	.....	4,018	1.3
Switzerland	834	.2	4,002	1.3
Canada	440	.1	1,497	.5
China	.....	.....	1,310	.4
Others	1,089	.3	680	.2
Total	363,379	100.0	305,362	100.0

Henry A. Lane & Co., Ltd., London.

U.K. Cereal Authority Estimates Consumption

The United Kingdom's Home Grown Cereals Authority has set the total consumption of wheat by the United Kingdom in 1966-67 at 7.75 million long tons, 810,000 less than in 1965-66. The Authority based the forecast upon this year's U.K. wheat crop, which is down by 450,000 tons. Because of the short crop considerably less homegrown wheat will be available for animal feed, and requirements have been cut by 880,000 tons from the 1965-66 level of 2.93 million. The amount to be used for human consumption in 1966-67 is forecast at 5.45 million tons, an increase of 60,000 above last year.

Import requirements have been set at 4.10 million tons, compared with actual imports of wheat and wheat flour (expressed in terms of wheat) of 4.60 million tons in 1965-66.

According to the Authority, total imports from June through September 1966, plus forward purchases reported by importers, amount to 2.10 million tons, with some 2.0 million still outstanding for purchase before June 30, 1967. At the same time in 1965 only 1.70 million tons were still outstanding.

For coarse grains the Authority estimates that total requirements of barley, maize, and other feedgrains for 1966-67 will amount to 14.55 million tons, 1.12 million greater than in 1965-66.

The coarse grain estimates are based on the United Kingdom's domestic production of coarse grains at 10.45 million tons, 9.15 million of it barley. Animal feed requirements are put at 10.6 million tons, compared with 9.61 million last year. Requirements for human consumption are estimated at 2.55 million tons, an increase of 10,000 tons above 1965-66. An increase of 120,000 tons to 1.4 million is forecast for exports, seed, and other uses.

Ireland Authorizes Further Feedgrain Imports

Ireland's Ministry of Agriculture and Fisheries, on the recommendation of the Grain Board, has authorized the importation of 30,500 metric tons of grain sorghum and/or feed wheat by the end of next January.

This latest import allocation is in addition to approximately 38,000 tons of grain sorghum to be imported during October-December 1966 and 35,000 tons of corn to be imported during September-December 1966. It is possible that another 35,000 tons of corn will be permitted to be imported during January-April 1967.

Licenses for the new allocation will allow mixed-feed manufacturers to decide whether to import grain sorghum or feed wheat. The manufacturers apparently prefer wheat for some poultry rations. Nearly all of the 1966 Irish wheat crop is of millable quality, and accordingly the amount of domestic feed wheat available is very small.

Record World Corn Production Forecast in 1966

World corn production in 1966 is forecast at a record 216 million metric tons, 4 percent above last year's previous record and 10 percent above the 1960-64 average.

Larger outturns in Europe and the Soviet Union, where weather conditions were good from planting through harvest, are mainly responsible for the larger crop.

A detailed table and analysis appears in the November issue of the *World Agricultural Production and Trade: Statistical Report.*

U.S. Tobacco Exports Up for October

U.S. exports of unmanufactured tobacco in October 1966, at 67.6 million pounds (export weight), were about 50 percent larger than those in October last year. The export value was $61.9 million, compared with $33.9 million. For the first 10 months of calendar 1966, exports totaled 408.7 million pounds—22 percent larger than the 334.5 million for January-October 1965.

Exports of flue-cured in October 1966 were 54.9 million pounds, nearly double the 28.2 million for October 1965. Burley exports were only 1.8 million compared with 4.4 million in October a year earlier.

Exports of tobacco products in October 1966 were val-

ued at $10.9 million, against $9.8 million last year. Cigarette exports, at 2,021 million pieces, were a little above those of October 1965. For January-October 1966, the total value of all tobacco product exports was $108.5 million, against $99.2 million for the same period of 1965.

U.S. EXPORTS OF UNMANUFACTURED TOBACCO
[Export weight]

Kind	October		Jan.-Oct.[1]		Change
	1965	1966	1965	1966	from 1965
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*Percent*
Flue-cured	28,223	54,897	244,803	308,918	+26.2
Burley	4,410	1,803	36,682	36,459	—0.6
Dark-fired Ky.-Tenn.	4,770	1,110	15,448	13,443	—13.0
Va. fire-cured[2]	633	1,546	5,360	6,063	+13.1
Maryland	2,832	2,104	8,437	8,123	—3.7
Green River	45	0	514	457	—11.1
One Sucker	348	10	612	129	—78.9
Black Fat	538	132	3,131	2,888	—7.8
Cigar wrapper	279	426	3,384	4,085	+20.7
Cigar binder	190	50	2,255	1,783	—20.9
Cigar filler	355	146	647	1,299	+100.8
Other	1,428	5,353	13,241	25,025	+89.0
Total	44,051	67,577	334,514	408,672	+22.2
Declared value	*Mil. dol.* 33.9	*Mil. dol.* 61.9	*Mil. dol.* 266.9	*Mil. dol.* 351.9	*Percent* +31.8

[1]Preliminary; subject to revision. [2]Includes sun-cured.
Bureau of the Census.

U.S. EXPORTS OF TOBACCO PRODUCTS

Kind	October		Jan.-Oct.		Change
	1965	1966	1965	1966	from 1965
					Percent
Cigars and cheroots *1,000 pieces*	8,625	4,063	46,903	64,347	+37.2
Cigarettes *Million pieces*	1,918	2,021	19,059	19,939	+4.6
Chewing and snuff *1,000 pounds*	84	3	282	305	+8.2
Smoking tobacco in pkgs. *1,000 pounds*	90	74	786	807	+2.7
Smoking tobacco in bulk *1,000 pounds*	615	1,093	9,050	11,265	+24.5
Total declared value *Million dollars*	9.8	10.9	99.2	108.5	+9.4

Bureau of the Census.

Japan's Cigarette Sales Continue Up

During April-September 1966, sales of cigarettes in Japan rose 5.8 percent above the same period of 1965. Total sales were 93.7 billion pieces this year, compared with 88.5 billion a year earlier.

Sales of Hi-Lite, a filter-tipped brand which contains about 15 percent U.S. leaf, showed by far the biggest gain, rising from 22.6 billion last year to 36.5 billion in April-September 1966. At this level, Hi-Lite accounted for about 39 percent of total sales.

Filter-tipped cigarettes, including Hi-Lites, Peace, and Hope, represented 57.5 percent of total sales in April-September 1966. This compares with 42.8 percent in the same 6-month period last year.

Record Japanese Hops Production

The 1966 Japanese hops crop appears to have totaled a record 6,856,000 pounds, grown on 4,311 acres. Production and acreage were up 16 and 6 percent, respectively, from 1965 and up 64 and 42 percent, respectively from the 1960-64 average. Yields are increasing rapidly, and the 1,590 pounds per acre produced this year was a new high.

Japanese beer production is also expanding rapidly with 1966 production forecast at 18.1 million barrels—up 6 percent from 1965. Therefore, in spite of the rapidly increasing hops production, Japan will continue to require heavy imports to supply its breweries.

Imports in 1965-66 totaled 1,969,000 pounds, against 3,080,000 pounds the year before. The one-third drop was a result of a substantial reduction of the rather large carry-in stocks. In the current season, however, imports are expected to return to a more normal level of 2,500,000 pounds (the 1960-64 average was 2,496,000 lb.). West Germany, as usual, was the leading supplier of the hops imports, with 62 percent in 1965-66; Czechoslovakia supplied 24 percent and the United States, 13 percent. The U.S. share has dropped off steadily since 1962-63, when it hit a post-Korean-conflict peak of 30 percent.

JAPAN'S HOPS SUPPLY AND DISTRIBUTION

Item	Average 1960-64	1964-65	1965-66[1]	1966-67[2]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Beginning stocks (Sept. 1)	890	948	1,653	717
Production	4,187	6,047	5,935	6,856
Imports	2,496	3,080	1,969	2,500
Total supply	7,573	10,075	9,557	10,073
Exports				
Domestic disappearance	6,473	8,422	8,840	9,370
Ending stocks (Aug. 31)	1,100	1,653	717	703
Total distribution	7,573	10,075	9,557	10,073

[1]Preliminary. [2]Forecast.

Spanish Olive Oil Exports Increase

Exports of edible olive oil from Spain in the marketing year ending October 31, 1966, amounted to 71,741 metric tons against 33,114 tons in 1964-65, according to data compiled by the Spanish Olive Oil Syndicate. The marked rise reflects increased availabilities from the 1965 crop of olives. Output of edible olive oil is forecast at 500,000 metric tons in 1966-67 against 314,000 tons in 1965-66.

U.S. Fishmeal Imports Rise Sharply

Imports of fishmeal and scrap into the United States during the January-September period of 1966 amounted to 345,935 short tons, against only 249,130 tons in the same 9-month period of 1965. The increase, chiefly from Peru, Chile, Canada, and Norway, reflects sharply increased availabilities at significantly lower prices than a year ago.

U.S. Exports of Soybeans and Products

Exports of *soybeans* from the United States in the September-October 1966 period, at 34.8 million bushels, were slightly below the record set in the comparable months of 1965. Exports to Japan at the same level as a year ago accounted for nearly 30 percent of the total. Exports to Spain increased by 1.2 million bushels while exports to other West European countries declined.

U.S. exports of *soybean and cottonseed oils* in October, at about 39.9 million pounds, were substantially below those in October 1965. Most of the decline reflected reduced exports of cottonseed oil.

Following the record tonnage exported in 1965-66 *oil-*

seed cake and meal exports in October, at 207,200 short tons, were 8 percent above the same month in 1965. Soybean meal exports accounted for about 86 percent of the total. Most of the increase was to West European countries.

U.S. EXPORTS OF SOYBEANS AND PRODUCTS

Item and country of destination	Unit	October 1965[1]	October 1966[1]	Sept.-Oct. 1965-66[1]	Sept.-Oct. 1966-67[1]
SOYBEANS					
Japan	Mil. bu	8.4	7.5	10.2	10.2
Canada	do.	5.2	5.1	6.0	6.1
Germany, West	do.	4.2	3.5	4.6	3.9
Netherlands	do.	3.2	3.3	3.9	3.5
Spain	do.	1.9	3.0	2.2	3.4
Italy	do.	2.5	2.4	2.5	2.4
Others	do.	6.9	4.5	7.7	5.3
Total	do.	32.3	29.3	37.1	34.8
Oil equivalent	Mil. lb.	354.6	321.3	407.6	381.9
Meal equivalent	1,000 tons	758.8	687.7	872.5	817.3
EDIBLE OILS		October 1965[1]	October 1966[1]	Oct.-Sept. 1964-65[1]	Oct.-Sept. 1965-66[1]
Soybean:[2]					
Pakistan	Mil. lb.	.....	.....	196.0	148.3
Iran	do.	13.3	.8	70.7	108.5
India	do.	.7	3.4	137.0	80.7
Burma	do.	.....	13.2	.....	60.5
Yugoslavia	do.	.....	.....	42.5	48.7
Colombia	do.	.2	1.3	7.5	41.9
UAR (Egypt)	do.	1.1	.....	6.1	40.2
Others	do.	22.1	14.8	879.9	393.8
Total	do.	37.4	33.5	1,339.7	922.6
Foreign donations[3]	do.	(4)	(4)	(4)	(4)
Total soybean	do.	37.4	33.5	1,339.7	922.6
Cottonseed:[2]					
Germany, West	do.	1.8	.....	144.2	49.9
Canada	do.	4.7	.3	43.5	40.1
UAR (Egypt)	do.	.....	3.5	62.7	36.1
Venezuela	do.	3.8	2.2	31.3	31.3
Mexico	do.	1.7	.....	41.8	15.4
Morocco	do.	.....	.....	40.3	14.2
Iran	do.	1.5	.1	49.2	10.8
Others	do.	5.3	.3	192.6	66.1
Total	do.	18.8	6.4	605.6	263.9
Foreign donations[3]	do.	(4)	(4)	33.5	(4)
Total cottonseed	do.	18.8	6.4	639.1	263.9
Total oils	do.	56.2	39.9	1,978.8	1,186.5
CAKES AND MEALS					
Soybean:					
Germany, West	1,000 tons	12.7	35.3	300.7	496.4
France	do.	29.8	27.8	358.4	436.3
Netherlands	do.	20.3	23.3	245.2	316.8
Canada	do.	18.3	20.1	249.4	234.0
Belgium	do.	8.9	15.1	177.0	156.2
Italy	do.	10.1	15.0	143.2	155.0
Denmark	do.	8.5	6.9	110.9	147.8
Spain	do.	.....	.2	77.9	122.8
United Kingdom	do.	6.0	14.6	34.4	105.4
Yugoslavia	do.	.....	5.0	108.9	78.5
Others	do.	30.6	15.2	230.0	288.0
Total	do.	145.2	178.5	2,036.0	2,537.2
Cottonseed	do.	23.7	4.2	138.8	98.8
Linseed	do.	21.8	23.9	72.8	113.7
Total cakes and meals[5]	do.	191.7	207.2	2,272.8	2,787.9

Note: Countries indicated are ranked according to quantities taken in the current marketing year.

[1]Preliminary. [2]Includes Title I, II, III, and IV of P.L. 480, except soybean and cottonseed oils contained in shortening under Title II. Excludes estimates of Title II exports of soybean and cottonseed oil not reported by census. [3]Title III, P.L. 480. [4]October-December 1964 estimated. Beginning January 1965, donations included in country data above. [5]Includes peanut cake and meal and small quantities of other cakes and meals.

Compiled from Census records and USDA estimates.

U.S. Cotton Exports for October Announced

Exports of U.S. cotton totaled some 995,000 running bales in the first 3 months (August-October) of the 1966-67 marketing year. This was 54 percent above the 648,000 bales exported in the same months a year earlier. Exports in October were 306,000 bales, compared with 304,000 in October of 1965. September exports were 348,000 bales.

U.S. COTTON EXPORTS BY DESTINATION
[Running bales]

Country of destination	Year beginning August 1: Average 1955-59	1964	1965	Aug.-Oct. 1965	Aug.-Oct. 1966
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	11	3	1	(1)
Belgium-Lux	160	80	43	19	17
Denmark	17	6	7	1	1
Finland	22	11	8	1	4
France	360	184	108	29	38
Germany, West	475	217	92	31	54
Italy	416	260	102	26	63
Netherlands	124	65	38	4	5
Norway	10	13	10	3	4
Poland & Danzig	85	66	42	12	4
Portugal	28	22	6	(1)	0
Spain	171	28	10	2	(1)
Sweden	75	58	59	16	19
Switzerland	64	66	35	11	21
United Kingdom	525	153	131	28	37
Yugoslavia	108	109	169	14	4
Other Europe	17	11	12	2	1
Total Europe	2,690	1,360	875	200	272
Australia	54	60	33	8	3
Canada	217	390	269	56	39
Chile	35	1	3	0	(1)
Colombia	33	1	57	12	1
Cuba	27	0	0	0	0
Ethiopia	4	4	20	4	1
Hong Kong	134	150	94	26	51
India	184	243	63	13	16
Indonesia	30	47	(1)	0	49
Iraq	0	0	0	0	0
Israel	16	23	5	2	1
Japan	1,154	990	705	128	319
Korea, Rep. of	205	261	301	85	75
Morocco	10	12	12	3	3
Pakistan	14	9	6	1	1
Philippines	64	75	93	13	36
South Africa	26	43	27	8	8
Taiwan (Formosa)	153	203	178	35	76
Thailand	4	55	55	15	19
Uruguay	15	0	(1)	0	0
Venezuela	2	6	5	2	(1)
Vietnam[2]	2	63	73	19	4
Other countries	27	64	68	18	21
Total	5,100	4,060	2,942	648	995

[1]Less than 500 bales. [2]Indochina prior to 1958. Includes Laos and Cambodia.

Commonweath Sugar Agreement Extended

The Commonwealth Sugar Agreement was extended last month for an additional year and will now run through December 31, 1974. The negotiated price quotas for 1967, which were determined last year along with those for 1966 and 1968, will be the same as in 1966; it was agreed that for these 3 years the negotiated price should be £43 10 s. (US$121.80) per long ton (5.44 cents per lb.).

The Commonwealth Sugar Agreement is in the nature of a commercial contract for agreed quantities of sugar at negotiated prices, between the British Government, which agrees to buy, and the sugar industries of certain Commonwealth countries, which agree to supply. The annual quota now amounts to 1,717,500 long tons; the Southern Rhodesian quota of 25,000 tons remains suspended.

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Highlights of the Agriculture and Trade of the Congo (Kinshasa)

Resources:—The Democratic Republic of the Congo covers 909,254 square miles, and is about the size of the United States east of the Mississippi River. Mid-1966 population was 16.3 million. The Gross National Product (GNP) in 1964 was $1.2 billion (in 1958 constant dollars) or $77 per person. The agricultural sector provides about 25 percent of the GNP.

Agriculture:—The country has a variety of altitudes and climates which make possible the production of a wide range of crops. Low-altitude tropical crops which are grown include oil palms, Robusta coffee, cocoa, and bananas. High altitude crops are tea, Arabica coffee, quinine, and pyrethrum. Livestock production is limited by problems with the tsetse fly.

The political instability of recent years has had an adverse effect on agricultural production. The USDA index indicates that production is about 30 percent below the 1957-59 level. In 1966, however, production did not decline because political conditions over the country were relatively stable. The main subsistence crops are cassava, plantains, bananas, corn, and sweetpotatoes. A return to stable conditions would permit export crops such as palm products, coffee, and rubber to become more important again.

Food situation:—Before independence the Congo was virtually self-sufficient in food, importing only about 2 percent. However, because of reduced production and disrupted distribution it has been necessary to increase imports. The average daily calorie intake was 2,460 in 1959-61; cassava, which provides very little protein, accounted for almost half of this.

Foreign trade:—In 1965 Congolese exports were valued at $380 million; in 1966 they are expected to have reached at least $400 million. Principal exports are copper, industrial diamonds, coffee, vegetable oils, and rubber. Agricultural exports make up about one-fourth of the total, copper about 60 percent of the 1966 export earnings.

Imports in 1965 were about $260 million. In 1966 imports probably increased, partly because of more foreign aid. The most important imports are machinery, transportation equipment, textiles, chemicals, and foodstuffs. The Congo continues to export primarily to Belgium, and in 1965, 45 percent of Congolese exports went to that country. The major supplier to the Congo is the United States; in 1965, 30 percent of Congolese imports came from this country, primarily under aid programs. Other important trading partners are the other EEC countries and the United Kingdom. In recent years, the Congo's agricultural imports have averaged about $40 million.

Agricultural trade with the United States:—In 1965 the United States purchased Congolese agricultural goods valued at $14 million; coffee accounted for $6 million of this. In the same year the United States exported $25 million worth of agricultural products to the Congo. Grains and grain preparations made up 40 per cent of this, but cotton was the largest single export item and tobacco was also important. Most of these U.S. exports were financed under the Food for Peace program.

Factors affecting agricultural trade:—The Government of the Congo requires licenses for most imports, and if the exchange position improves in 1966 as expected, moderate increases in import quotas could follow. Although the Congo is an associate member of EEC, a single column tariff schedule is applied to all imports so there is no discrimination against U.S. agricultural goods.

The Congo is trying to bring agricultural exports back to the 1960 level, but to do this, a stable political and economic climate is needed. The government is also making efforts to reduce dependence on the traditional trading partners and to develop new trade patterns.

—MARY L. TEAFORD
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